



Legislation Text

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City of Alexandria, Virginia

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MEMORANDUM

**DATE:** DECEMBER 2, 2020

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**FROM:** MARK B. JINKS, CITY MANAGER /s/

**DOCKET TITLE:**

Consideration of the Monthly Financial Report for the Period Ending October 31, 2020.

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**ISSUE:** Receipt of the Monthly Financial Report for the Period Ending October 31, 2020.

**RECOMMENDATION:** That City Council receives the Monthly Financial Report.

**BACKGROUND:** The following discussion is a summary of the Monthly Financial Report for this period. Detailed comparative schedules are attached.

At this time in FY 2021, the City's total revenue collection is not noticeably different than what was projected for the first four months of the fiscal year; however, revenue collections are likely to decline as COVID-19's continued impact on the City's finances will be greater than the budget projections from the Spring. The development and possible revisions to the FY 2021 General Fund revenue budget included a careful review of each revenue category to estimate the impact COVID-19 might have on receipts and many categories were reduced in advance of continued impacts on the City's economy from the pandemic. Based on current pandemic and economic forecasts and fiscal trends, the post COVID-19 economic recovery will likely be longer than earlier projected, and revenues will be less than currently budgeted.

With FY 2021 revenues currently projected to be \$10 million less than budgeted, staff is reviewing options to keep the FY 2021 budget in balance without resorting to further use of fund balance beyond the \$7.9 million that was budgeted for FY 2021. At the City Council retreat on November 7, 2020, a number of these options were identified including the continuation of the selective hiring freeze, use of contingent reserves, bond refinancing savings, some use of federal FEMA reimbursement from FY 2020 which FEMA did not agree to pay until November, and early implementation of FY 2022 reductions. In addition, continued needs from the community to for food, housing, and business support could add additional expenses that will not have an

identified funding source after December 31 if additional federal resources are not provided.

As of October 31, 2020, General Fund revenues totaled \$134.4 million, a decrease of \$31.6 million or 19.1% less than the revenues collected at the same time in FY 2020. Through the first four months, approximately 17.8 percent of budgeted revenues have been collected. Timing anomalies are most pronounced early in the fiscal year, which can be the cause of the significant year over year variance. In FY 2020, Personal Property taxes were due on October 5, but in FY 2021, Council extended the deadline to December 15. Real Estate taxes were due on November 16. Mortgage companies generally submit significant payments in October, but the amounts and the timing vary from year to year.

Personal Property tax revenues are showing a significant decline compared to FY 2020. This is due primarily to the change in the due date. In FY 2020, with an October 5 due date, the City had collected 80.8 percent of the total tax levy by the end of October. In FY 2021, with a December 15 due date, only 64.7 percent of the total levy has been collected by the end of October. It is also important to note that the total levy in FY 2021 (tax year 2020) is 5 percent lower than last year's levy. As noted at the City Council retreat, this is due to COVID-19 caused lower new car sales which then triggered a lower number of new cars being added to the tax rolls in Calendar Year 2020.

Sales tax revenue is consistent with receipts from October 2020. As expected, based on travel and restaurant trends, Meals Sales tax revenue is 16% lower and Transient Lodging tax is 71% lower than this period last year. Non-tax revenues are also showing the effects of the pandemic for a variety of reasons. Social distancing and "safer at home" directives are significantly impacting revenues that are dependent on entrance and rental fees like recreation classes and facility rentals. Consumer spending comparisons to the previous calendar year are included as Attachment 3.

Revenue from the use of money and property is lower than last fiscal year due to interest rates being significantly lower than prior years resulting in reduced revenue from investments. Lower interest rates were anticipated and the budget for Interest on General Fund Investments was reduced significantly in FY 2021. Permits and Licenses are almost \$1 million more than receipts in October 2019 due to the collection of past due invoices for Temporary Parking permits by a utility company.

As of October 31, 2020, General Fund expenditures totaled \$198.2 million, a decrease of \$20.4 million or 9.3% compared to the same time period for FY 2020. There is primarily due to continued decreased rate of spending for most City departments. A small portion of the budget deficit for FY 2021 was reduced by instituting a "holiday" and deferring contributions to the Equipment Replacement Fund which reduces the funding available for future vehicle purchases. This expenditure transfer of \$3.6 million had occurred last year in October. It will not occur this year to provide temporary savings. Transit subsidies are less than budgeted due to WMATA's use of CARES funding resulting in a temporary reduced need for full budgeted funding from localities. Some of this WMATA savings will be used to help offset lost farebox revenue for DASH.

#### **ATTACHMENTS:**

Attachment 1: Comparative Statement of General Fund Revenues  
Attachment 2: Comparative Statement of General Fund Expenditures  
Attachment 3: Consumer Spending Comparisons 2020 and 2019

#### **STAFF:**

Laura Triggs, Deputy City Manager  
Kendel Taylor, Director, Finance Department

Morgan Routt, Director, Office and Management and Budget  
Mayuri Middough, Division Chief of Administration

## CITY OF ALEXANDRIA, VIRGINIA

## COMPARATIVE STATEMENT OF REVENUES

## GENERAL FUND

FOR THE PERIODS ENDING OCTOBER 31, 2020 AND OCTOBER 31, 2019

	B	C	D=C/B	E	F	G=F/E
	FY 2021	FY2021		FY 2020	FY2020	
	APPROVED	REVENUES	%	APPROVED	REVENUES	%
	BUDGET	THRU 10/31/2020	OF BUDGET	BUDGET	THRU 10/31/2019	OF TOTAL
<b>General Property Taxes</b>						
Real Property Taxes.....	\$ 477,554,000	\$ 47,509,014	9.9%	\$ 462,848,143	\$ 64,026,350	13.8%
Personal Property Taxes.....	55,213,000	38,548,829	69.8%	56,926,910	47,867,894	84.1%
Penalties and Interest.....	2,808,000	283,860	10.1%	2,708,000	458,717	16.9%
Total General Property Taxes	\$ 535,575,000	\$ 86,341,703	16.1%	\$ 522,483,053	\$ 112,352,961	21.5%
<b>Other Local Taxes</b>						
Local Sales and Use Taxes.....	\$ 26,194,000	\$ 5,081,357	19.4%	\$ 28,800,000	\$ 5,097,320	17.7%
Consumer Utility Taxes.....	12,700,000	3,155,658	24.8%	12,000,000	2,869,312	23.9%
Communication Sales and Use Taxes.....	8,275,000	2,143,058	25.9%	9,200,000	1,529,552	16.6%
Business License Taxes.....	22,000,000	1,335,820	6.1%	34,378,000	834,886	2.4%
Transient Lodging Taxes.....	10,833,000	960,938	8.9%	12,800,000	3,333,416	26.0%
Restaurant Meals Tax.....	20,500,000	5,387,141	26.3%	24,231,000	6,434,299	26.6%
Tobacco Taxes.....	2,600,000	573,403	22.1%	2,600,000	620,518	23.9%
Real Estate Recordation.....	5,900,000	2,777,169	47.1%	6,000,000	1,674,514	27.9%
Admissions Tax.....	500,000	10,905	2.2%	670,000	156,738	23.4%
Other Local Taxes.....	5,109,090	350,555	6.9%	4,809,090	208,761	4.3%
Total Other Local Taxes	\$ 114,611,090	\$ 21,776,003	19.0%	\$ 135,488,090	\$ 22,759,316	16.8%
<b>Intergovernmental Revenues</b>						
Revenue from the Fed. Government.....	\$ 11,109,303	\$ 1,699,104	15.3%	\$ 10,397,000	\$ 1,897,787	18.3%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	11,789,265	50.0%	23,578,531	11,789,265	50.0%
Revenue from the Commonwealth.....	23,547,855	5,975,245	25.4%	23,564,515	6,131,492	26.0%
Total Intergovernmental Revenues	\$ 58,235,689	\$ 19,463,615	33.4%	\$ 57,540,046	\$ 19,818,544	34.4%
<b>Other Governmental Revenues And Transfers In</b>						
Fines and Forfeitures.....	\$ 3,502,615	\$ 1,082,930	30.9%	4,930,450	\$ 1,487,705	30.2%
Licenses and Permits.....	2,339,631	1,438,775	61.5%	2,615,350	439,651	16.8%
Charges for City Services.....	14,308,344	2,520,622	17.6%	15,790,462	5,507,740	34.9%
Revenue from Use of Money & Prop.....	5,498,250	1,367,185	24.9%	11,406,650	3,145,262	27.6%
Other Revenue.....	2,019,966	405,291	20.1%	2,016,285	517,030	25.6%
Transfer from Other Funds.....	9,246,427	-	0.0%	9,271,882	-	0.0%
Total Other Governmental Revenues	\$ 36,915,233	\$ 6,814,803	18.5%	\$ 46,031,079	\$ 11,097,388	24.1%
<b>TOTAL REVENUE</b>	\$ 745,337,012	\$ 134,396,123	18.0%	\$ 761,542,268	\$ 166,028,209	21.8%
Appropriated Fund Balance						-
General Fund.....	\$ 7,939,135	\$ -	\$ -	\$ 3,753,585	\$ -	-
Cash Capital						-
Encumbrances And Other		-	-	-	-	-
Supplemental Appropriations....	-	-	-	4,325,747	-	-
<b>TOTAL</b>	\$ 753,276,147	\$ 134,396,123	17.8%	\$ 769,621,600	\$ 166,028,209	21.6%

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION  
GENERAL FUND  
FOR THE PERIODS ENDING OCTOBER 31, 2020 AND OCTOBER 31, 2019**

	B	C	D=C/B	E	F	G=F/E
	FY 2021 AMENDED BUDGET	FY2021 EXPENDITURES THRU 10/31/2020	% OF BUDGET EXPENDED	FY 2020 APPROVED BUDGET	FY2020 EXPENDITURES THRU 10/31/2019	% OF BUDGET EXPENDED
<b>FUNCTION</b>						
Legislative & Executive.....	\$ 3,493,587	\$ 1,025,115	29.3%	\$ 3,420,083	\$ 999,755	29.2%
Judicial Administration.....	\$ 45,703,700	\$ 13,868,528	30.3%	\$ 45,753,450	\$ 14,304,123	31.3%
<b>Staff Agencies</b>						
Communications.....	\$ 1,547,258	\$ 445,798	28.8%	\$ 1,544,299	\$ 414,996	26.9%
Human Rights.....	940,907	281,066	29.9%	905,803	284,267	31.4%
Information Technology Services.....	13,125,675	4,905,391	37.4%	12,112,402	5,145,957	42.5%
Management & Budget.....	1,275,147	354,186	27.8%	1,289,191	414,211	32.1%
Finance.....	12,926,773	3,358,087	26.0%	13,636,052	3,726,812	27.3%
Performance and Accountability.....	509,772	197,197	38.7%	524,512	198,365	37.8%
Internal Audit.....	324,064	101,483	31.3%	442,003	68,578	15.5%
Human Resources.....	4,083,277	1,212,483	29.7%	4,540,243	1,398,194	30.8%
Planning & Zoning.....	5,890,760	1,700,762	28.9%	6,200,058	1,732,038	27.9%
Economic Development Activities.....	6,923,390	3,342,733	48.3%	7,131,946	3,173,370	44.5%
City Attorney.....	3,252,387	965,754	29.7%	3,018,893	1,320,200	43.7%
Registrar.....	1,468,869	588,534	40.1%	1,335,337	335,700	25.1%
Organizational Excellence	152,429	40,755	26.7%	-	-	-
General Services.....	11,520,622	2,924,633	25.4%	12,069,541	3,716,901	30.8%
Total Staff Agencies	\$ 63,941,330	\$ 20,418,863	31.9%	\$ 64,750,280	\$ 21,929,589	33.9%
<b>Operating Agencies</b>						
Transportation & Environmental Services.....	\$ 24,126,166	\$ 5,920,662	24.5%	\$ 24,122,255	\$ 6,943,406	28.8%
Project Implementation.....	-	25	0.0%	-	1,759	0.0%
Fire.....	52,553,345	14,155,840	26.9%	55,307,639	15,478,333	28.0%
Police.....	62,512,808	17,317,597	27.7%	67,140,759	20,567,317	30.6%
Emergency Communications.....	8,751,535	2,778,102	31.7%	8,178,881	2,584,752	31.6%
Code.....	24,000	1,347	5.6%	33,060	2,029	6.1%
Transit Subsidies.....	20,665,871	399,002	1.9%	21,760,499	10,619,690	48.8%
Housing.....	1,772,163	562,806	31.8%	1,883,181	557,647	29.6%
Community and Human Services.....	13,849,621	3,904,088	28.2%	14,569,180	4,881,450	33.5%
Health.....	9,936,351	3,923,806	39.5%	8,320,647	3,854,621	46.3%
Historic Resources.....	3,482,138	1,057,896	30.4%	3,431,620	1,039,228	30.3%
Recreation.....	23,129,289	6,252,011	27.0%	23,855,374	7,696,923	32.3%
Total Operating Agencies	\$ 220,803,287	\$ 56,273,182	25.5%	\$ 228,603,095	\$ 74,227,155	32.5%
<b>Education</b>						
Schools.....	\$ 234,037,296	\$ 48,966,322	20.9%	\$ 231,669,496	\$ 56,374,520	24.3%
Other Educational Activities.....	16,009	8,005	50.0%	16,128	8,064	50.0%
Total Education	\$ 234,053,305	\$ 48,974,326	20.9%	\$ 231,685,624	\$ 56,382,584	24.3%
<b>Capital, Debt Service and Miscellaneous</b>						
Debt Service - City.....	\$ 37,288,071	\$ 22,875,139	61.3%	\$ 35,530,695	\$ 18,522,034	52.1%
Debt Service - Schools.....	\$ 28,578,698	\$ 17,335,934	60.7%	\$ 28,112,251	\$ 14,452,218	51.4%
Expenses on Refunding Bonds.....	-	-	0.0%	-	-	0.0%
Non-Departmental.....	\$ 9,275,839	5,307,051	57.2%	9,495,526	5,654,041	14.1%
General Cash Capital.....	\$ 27,317,835	-	0.0%	40,031,577	-	0.0%
Contingent Reserves.....	3,768,703	-	0.0%	799,170	-	0.0%
Total Capital, Debt Service and Miscellaneous	\$ 106,229,146	\$ 45,518,124	42.8%	\$ 113,969,219	\$ 38,628,293	33.9%
<b>TOTAL EXPENDITURES</b>	\$ 674,224,355	\$ 186,078,138	27.6%	\$ 688,181,753	\$ 206,471,499	30.0%
<b>Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Projects Funds)...</b>	\$ 53,736,960	\$ 11,791	0.0%	\$ 58,216,301	\$ 192,272	0.0%
Transfer to Housing.....	4,717,217	-	0.0%	-	-	0.0%
Transfer to Library.....	7,176,355	110,887	1.5%	7,115,754	13,700	0.2%
Transfer to DASH.....	17,723,682	12,027,570	67.9%	15,282,278	11,903,176	77.9%
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	\$ 757,578,569	\$ 198,228,386	26.2%	\$ 768,796,086	\$ 218,580,645	28.4%
<b>Total Expenditures by Category</b>						
Salaries and Benefits.....	\$ 228,784,844	\$ 64,662,770	28.3%	\$ 233,446,958	\$ 67,126,673	28.8%
Non Personnel (includes all school funds) .....	528,793,725	133,565,615	25.3%	535,349,128	151,453,972	28.3%
<b>Total Expenditures</b>	\$ 757,578,569	\$ 198,228,386	26.2%	\$ 768,796,086	\$ 218,580,645	28.4%

## Consumer Spending Comparisons – CY 2019 and CY 2020

Cumulative Impact on Consumer Spending					
	Tax Revenue	CY2019	CY2020	Change	% Change
Feb-Aug	Sales	\$17,400,626	\$16,678,481	(\$722,145)	-4.2%
Feb-Sept	Meals Sales	\$14,912,553	\$8,945,324	(\$5,967,229)	-40.0%
Feb-Sept	Transient Lodging	\$9,496,307	\$2,894,180	(\$6,602,127)	-69.5%
Feb-Sept	Admissions	\$405,081	\$65,762	(\$339,319)	-83.8%
Feb-Sept	Recordation	\$4,318,430	\$5,215,543	\$897,112	20.8%
	Cumulative	\$46,532,998	\$33,799,290	(\$12,733,708)	-27.4%
Year over Year Comparison					
	Tax Revenue	CY2019	CY2020	Change	% Change
August	Sales	\$2,553,696	\$2,501,223	(\$52,473)	-2.1%
September	Meals Sales	\$17,029,532	\$10,469,644	(\$6,559,888)	-38.5%
September	Transient Lodging	\$1,188,561	\$377,565	(\$810,996)	-68.2%
September	Admissions	\$40,983	\$11,421	(\$29,562)	-72.1%
September	Recordation	\$484,581	\$702,216	\$217,635	44.9%
Comparison to Average Collection					
	Tax Revenue	CY2019	CY2020	FY 2019 Monthly Average	5-year Same Month Average
August	Sales	\$2,553,696	\$2,501,223	\$2,398,919	\$2,244,575
September	Meals Sales	\$17,029,532	\$10,469,644	\$2,048,329	\$1,758,886
September	Transient Lodging	\$1,188,561	\$377,565	\$1,071,347	\$1,120,884
September	Admissions	\$40,983	\$11,421	\$52,372	\$44,773
September	Recordation	\$484,581	\$702,216	\$493,073	\$542,154

